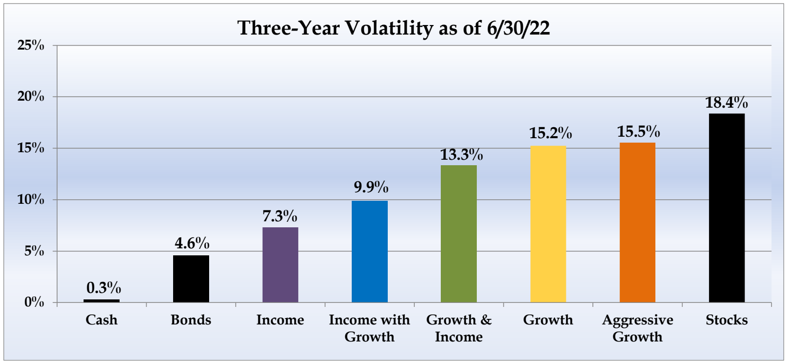
Asset Allocation Quarterly
Third Quarter 2022

The Confluence asset allocation process is centered upon risk management. Accordingly, our Asset Allocation strategies offer a broad spectrum of risk profiles, ranging from a relatively conservative posture in Income (purple) to a risk-accepting profile in Aggressive Growth (orange). The primary asset classes of cash, bonds, and stocks are illustrated by the black bars in the accompanying chart.



*Source: Bloomberg, CIM. Cash is represented by the ML 0-3 Month T-Bill Index; Bonds are the ICE BofA Domestic Master Index; Stocks are the S&P 500 Index.**

Over market and economic cycles, the level of risk among asset classes naturally changes. As the cycle and associated risks unfold, we attempt to guide each strategy within its respective volatility ceiling. Our evaluation of the economy, monetary and fiscal policies, interest rates, regulations, valuations, and other investment variables in a forward-looking context informs our flexible asset allocation through adaptive diversification. Although we seek return opportunities, we do so within risk constraints that are scaled for each strategy.

The Confluence Asset Allocation strategies are structured across an array of risk profiles, where the more conservative lean against potential volatility and accept more muted, though typically steadier, returns, while the more aggressive accept inherent volatility in the pursuit of potentially higher returns.

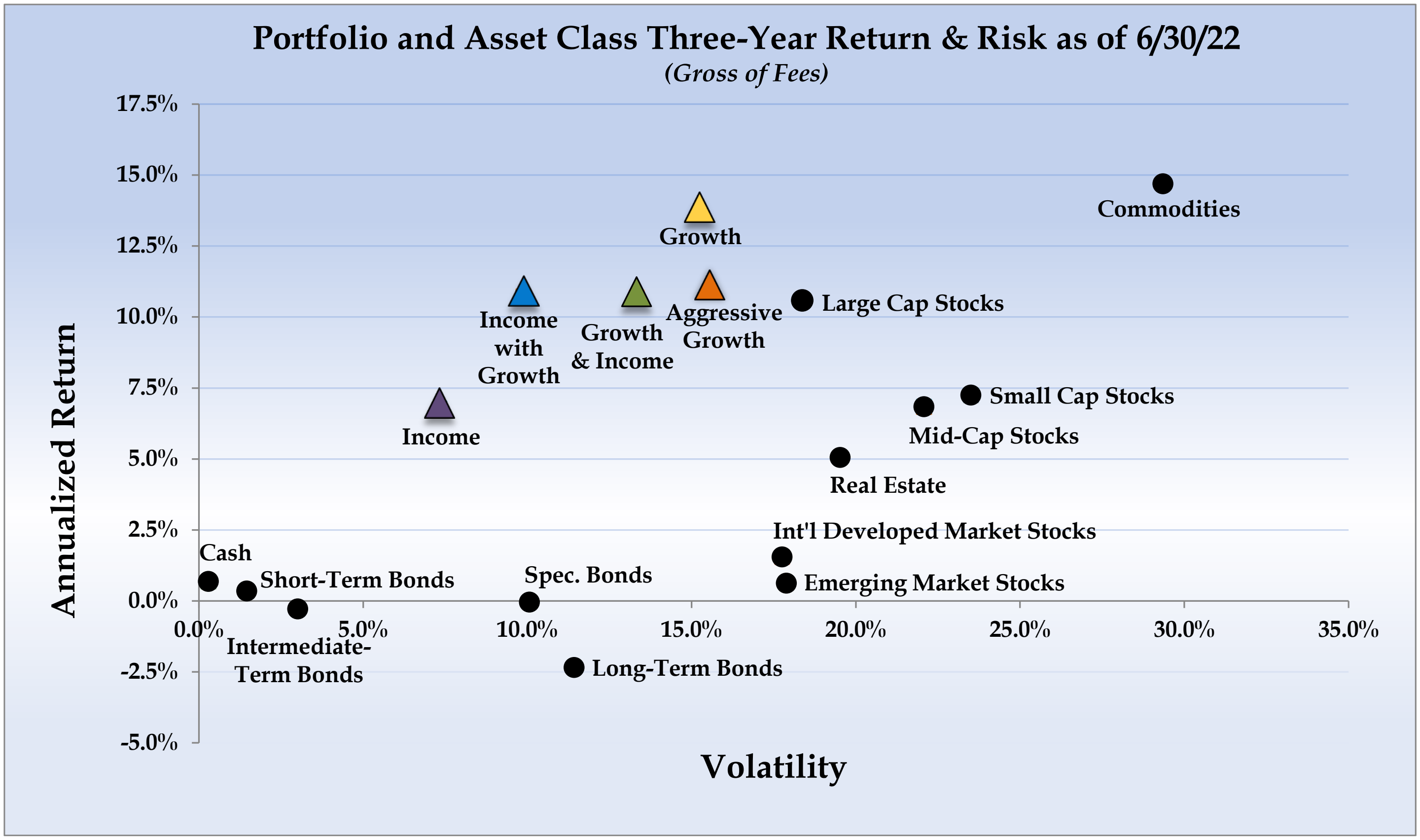
The variance of returns among asset classes from quarter-to-quarter can change significantly, as the table below displays. Over the past three years, we have experienced a highly volatile stock market, with several quarters registering sizable gains and others with dramatic declines, such as the outset of the pandemic and thus far this year. In contrast, bonds have offered more muted returns than stocks, particularly in the short- and intermediate-term asset classes. Commodities have historically exhibited a lack of correlated returns to either stocks or bonds and therefore can serve as an attractive diversification element. This year has highlighted the potential for commodities to serve a complementary role in a diversified strategy.

Quarterly Asset Class Returns as of 6/30/2022

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Cash	0.6%	0.5%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
U.S. Short-Term Bonds	0.7%	0.6%	1.6%	1.2%	0.3%	0.2%	0.0%	0.1%	0.1%	-0.5%	-2.6%	-0.6%
U.S. Intermediate-Term Bonds	2.3%	0.2%	2.4%	4.9%	1.1%	0.7%	-4.1%	2.4%	-0.1%	-0.2%	-6.5%	-4.4%
U.S. Long-Term Bonds	6.6%	-1.3%	7.2%	5.4%	1.2%	1.0%	-10.8%	6.7%	-0.1%	2.3%	-10.9%	-11.5%
Speculative Grade Bonds	1.2%	2.6%	-13.1%	9.6%	4.7%	6.5%	0.9%	2.8%	0.9%	0.7%	-4.5%	-10.0%
REITs	7.8%	-0.8%	-27.3%	11.8%	1.4%	11.6%	8.9%	12.0%	1.0%	16.3%	-3.9%	-17.0%
U.S. Large Cap Stocks	1.7%	9.1%	-19.6%	20.5%	8.9%	12.1%	6.2%	8.5%	0.6%	11.0%	-4.6%	-16.1%
U.S. Mid-Cap Stocks	-0.1%	7.1%	-29.7%	24.1%	4.8%	24.4%	13.5%	3.6%	-1.8%	8.0%	-4.9%	-15.4%
U.S. Small Cap Stocks	-0.2%	8.2%	-32.6%	21.9%	3.2%	31.3%	18.2%	4.5%	-2.8%	5.6%	-5.6%	-14.1%
Int'l Developed Market Stocks	-1.1%	8.2%	-22.8%	14.9%	4.8%	16.0%	3.5%	5.2%	-0.4%	2.7%	-5.9%	-14.5%
Emerging Market Stocks	-4.2%	11.8%	-23.6%	18.1%	9.6%	19.7%	2.3%	5.0%	-8.1%	-1.3%	-7.0%	-11.4%
Commodities	-4.2%	8.3%	-42.3%	10.5%	4.6%	14.5%	13.5%	15.7%	5.2%	1.5%	33.1%	2.0%

*Source: Morningstar Direct, CIM.**

*This information is presented as supplemental information to the disclosures required by GIPS® standards.
Past performance is not indicative of future results. See last page for asset class composition/benchmark details and other important disclosures.



*Source: Bloomberg, CIM, using monthly data and gross returns. Returns do not reflect the deduction of investment advisor fees. Client returns will be reduced by the advisory fees and any other expenses the client may incur in the management of its account. Net composite returns shown on last page.**

Portfolio and Asset Class Commentary

The heightened volatility of stocks and bonds over the past 36 months is illustrated by the above chart. The last six months were particularly volatile as both stocks and bonds experienced sizable declines. Although over the full three-year period large cap stocks and commodities have registered healthy returns, contained within this three-year window has been a global pandemic and recovery, the war in Ukraine, and the highest recorded inflation since the early 1980s. It is natural for this environment to be accompanied by heightened volatility. While bonds normally act as stabilizers in volatile markets for risk assets, this has not been the case in an economy experiencing a significant level of inflation. Rather, as with inflationary periods last century, commodities have provided a diversification benefit during a period marked by inflation.

The colored triangles in the chart above represent the Confluence strategies. Although all strategies generated positive returns over the past three years, the variability in volatility was most heavily influenced by the mix of bonds, stocks, and commodities held by each strategy. As one would expect, the strategies with higher exposure to stocks produced higher levels of realized volatility. This is the essence of our construct of the Asset Allocation strategies, whereby each strategy is held to a distinct and unchanging volatility governor. Consequently, bonds are used more broadly in strategies with a lower volatility ceiling, such as Income, as compared to the highest volatility ceiling of Aggressive Growth. While this may seem intuitive, it also explains the different exposures of each strategy to the sub-asset classes. Sub-asset classes with greater volatility are more likely to be employed in a strategy with a higher volatility ceiling. One example is small cap stocks, which are more liberally employed in the Growth and Aggressive Growth strategies. Though lower market capitalizations have the potential to offer high returns, they carry elevated levels of risk, as exhibited by the above chart.

In all strategies, the exposure to stocks is now either close to or at historic low levels as we find a degree of caution is necessary given the Fed's attempts to corral inflation, which risk tipping the economy into a recession. The potential for a policy error over our three-year forecast period guides not only the smaller exposure to equities but also the proportion allocated to commodities, which can help dampen volatility as they traditionally offer uncorrelated returns. We regularly assess and review a wide array of data affecting the macroeconomic environment including sentiment, growth prospects, and credit, among other elements. Should we detect a shift in direction, we will naturally adjust the risk exposure in each strategy as appropriate.

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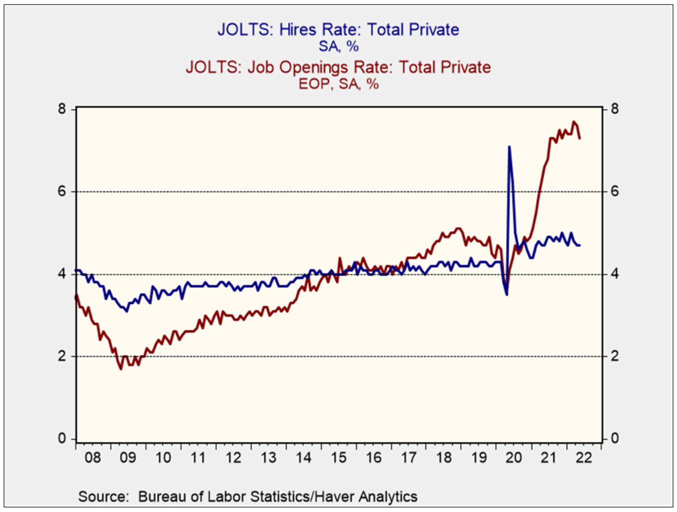
Third Quarter 2022 Asset Allocation Outlook

- **Global growth is clearly slowing and the probability of a recession in the U.S. over the next year is significantly elevated.**
- **The Fed is continuing its aggressive attack on inflation through rapid increases in the fed funds rate and accelerating its balance sheet reduction.**
- **Economic data from overseas depicts difficulties, especially in Europe and China.**
- **The potential exists for defaults of selected emerging market sovereigns beyond Sri Lanka.**
- **Equity allocations are underweight and bond exposures were increased.**
- **BB-rated bonds are used as an equity proxy across the array of strategies.**
- **U.S. stock exposure remains heavily tilted toward value, with overweights to defensive sectors.**

Economic Viewpoints



Source: Bureau of Labor Statistics/Haver Analytics

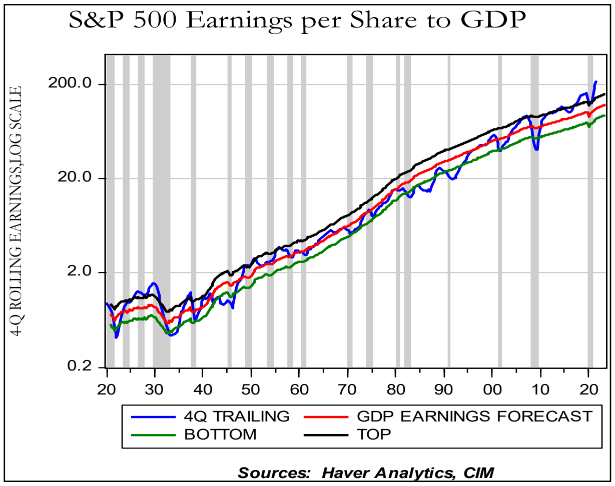
In June, the World Bank cut its global GDP growth projection for this year from 4.1% to 2.9% owing to a spike in energy and food prices, which in no small part has been influenced by the Ukraine war and the resultant freezing of Russia's foreign reserves. This has further curtailed supply and trade, which were already constrained by the global pandemic and altered by the general trend toward deglobalization. Deglobalization, coupled with an increase in regulation, could institutionalize a level of inflation above the Fed's 2% target and lead to shorter business cycles than what we have become accustomed to since 1990.

In the U.S., inflation has vaulted higher, with the CPI rising 9.1% year-over-year as of June, the largest annual increase since the end of 1981. At its recent meeting, the U.S. Federal Reserve increased the fed funds rate by 0.75%, the largest single hike since October 1994. In the conference following the meeting, Fed Chair Powell indicated that further rate hikes are in store for the balance of this year and into 2023 with the goal of pulling down inflation to the Fed's 2% target range. Adding to the dynamic is the Fed's reduction of its balance sheet, which began in June and is poised to accelerate in September to a monthly rate of $95 billion against the current balance of $8.36 trillion. The Fed's articulated desire is to quell inflation and reduce the demand for labor without increasing unemployment. As the accompanying chart indicates, the JOLTS openings rate is well in excess of the hires rate. It is this froth that the Fed believes it can remove without aggravating unemployment, thereby accomplishing Powell's goal of a "softish landing."

The assertiveness of the Fed, combined with what we find are nascent signs that the spiking inflation is beginning to abate, create fertile ground for a recession in the U.S. The bond market's inversion of two-year and 10-year Treasury yields underscores the market's belief that the Fed will pursue its fight too aggressively and stall the economy. It also reflects the dissonance among Fed governors regarding the varying economic consequences of quantitative tightening in the form of balance sheet reduction, increasing the potential for a policy error. We expect inflation to ease within the next few months as the comparative base effects from last year take hold. In addition, we find improvements in supply chains and a satiating of demand from consumers as inventory/sales ratios of merchandise are rising.

Beyond the U.S., the European Central Bank (ECB) is similarly attempting to battle inflation but also trying to maintain tight spreads for rates among its member states. In combatting inflation, which reached a record 8.6% last month, the ECB is expected to raise its deposit rate at its July meeting and perhaps elevate it from negative rates for the first time in over a decade. However, it is simultaneously dealing with fragmentation risk, which is the possibility that yields on debt of some peripheral countries will spike versus German bunds. The ECB is wrestling with these items, while manufacturing data is indicating slower growth and economic sentiment is waning. On the other side of the globe, economic growth in China has slowed dramatically. The world's second largest economy produced its lowest growth since data was first recorded in 1992 as lockdowns in major cities contributed to the stagnation. Though it is widely believed that the People's Bank of China will enact stimulus measures to spur the economy, worries abound regarding capital outflows as the U.S. Fed aggressively raises short-term rates. Among other emerging market economies, the risk of default is garnering attention after the government of Sri Lanka defaulted for the first time. Credit default swap spreads across a number of smaller sovereigns that issue debt in hard currencies, such as the U.S. dollar or euro, have spiked significantly, indicating the potential for a contagion effect. As noted in connection with China, capital flows to emerging market economies are at risk under these circumstances.

Stock Market Outlook



S&P 500 Earnings per Share to GDP

Sources: Haver Analytics, CIM

Equity markets have been in retreat for much of the year as investors have been struck by an array of worries including the Ukraine war, supply shortages, an aggressive Fed battle against inflation, and waning consumer and business confidence, among other concerns. Further pressure on U.S. stocks may come from a compression in earnings. As the chart indicates, four-quarter rolling EPS on the S&P 500 as compared to the earnings forecast based upon GDP is well above its historical standard error band. While the trailing figure relative to the GDP earnings forecast has been on a significant upswing recently, we expect this to decrease as financial conditions continue to deteriorate, the cost of labor increases, and prior inflation becomes fully incorporated. Relative to the cost of labor, larger companies may disproportionately contribute as they engage in elevated efforts to retain employees in a tight labor market. The escalating cost of hiring is encouraging firms to retain employees, despite growing wage levels. The result will likely be increased labor costs and lower margins, especially in service-oriented sectors that lack the ability to fully pass on increased costs to consumers. Beyond the effects of fragile global economies on corporate earnings, higher levels of inflation typically portend lower P/E ratios. Persistent inflation could continue to maintain pressure upon equity prices.

Although our base case is a troubled outlook for the stock market over the next several quarters, various fundamental forces could aid prices over our three-year forecast period. A satisfactory resolution of the Ukraine war would be a significant positive for global equities. In addition, a staggering amount of cash remains on the sidelines, both individual and institutional. If the Fed is able to engineer a softish landing or decides that it has fought the inflation battle too aggressively and/or too late and becomes more accommodative, a modest deployment of cash available for investment could prove to be a propellant for equity prices. Finally, a bottoming in the economy followed by a solid uptick created by full digestion of supply imbalances and improving consumer and business sentiment could buoy equity prices. While we acknowledge the potential advantages for U.S. stocks over our forecast period, we don't necessarily share the sentiment for some international developed or emerging market stocks. Difficulties faced by some European companies as the ECB practices its version of inflation therapy, and the likelihood of reduced foreign direct investment in emerging economies during a period of elevated sovereign risk, may crimp the shorter-term advantages for international equities in these strategies, especially with a surging U.S. dollar.

Given our expectations for the economy and outlook for stocks, we are further constraining our exposure to risk-based assets. Accordingly, the stock allocations in our strategies are lower, and in some cases the lowest since inception. Within these reduced equity exposures, we maintain a significant bias of 65% to value stocks as they tend to outperform as economic growth retreats. There is also less concentration among the top names, where the top five companies in the S&P 500 Growth Index account for 45.2% versus 11.7% in the S&P 500 Value Index. To complement the value skew, we continue the overweight to defensive segments of Health Care and Consumer Staples, as well as Energy. In addition, we believe the Ukraine war has advanced an increase in defense expenditures among developed countries, thus we retain a position in the aerospace and defense industry. Our efforts to reduce risk also apply to international allocations, where the only exposure is in a Japanese equity position that carries a currency hedge back to the U.S. dollar. The thesis leading to this overweight included the relative pricing advantage of Japanese stocks compared to U.S. counterparts complemented by continued policies from the Bank of Japan that are contributing to a depreciating yen. Emerging markets remain absent from all strategies.

Bond Market Outlook

Rampant inflation and a motivated Fed would normally imply caution regarding the bond market. Typically, as the Fed is raising rates and emptying its balance sheet, the fundamental forces it unleashes would cause yields to increase and thereby prices on bonds to retreat. Based upon the impact on bond prices thus far in 2022, we believe much of the punishment to bond investors has already been wrought this year. Moreover, the inversion of the yield curve for two-year/10-year Treasuries indicates market participants are becoming convinced that fed funds increases are going to be limited to this year. Accordingly, we hold a positive outlook for the short- and intermediate-term segments of the Treasury curve. However, the sanguine outlook does not completely extend to credit. With the increasing prospect for a recessionary environment in the U.S., we expect spreads to widen for investment-grade corporate bonds closer to historic averages. While we expect these instruments to produce positive returns over our three-year forecast period, the returns will be restrained by the spread widening. We expect a similar dynamic to unfold in the BB-rated space within high yields. However, in lower rated speculative bonds we find the inherent risks outweigh any advantage at this point in the economic cycle. Consequently, the exposure to speculative-grade bonds in all strategies are confined to bonds rated BB, which are used as a lower volatility equity proxy.

Other Markets

Due to the Fed's aggressive fight against inflation and the increased potential for a recession, REITs are absent from the strategies. We retain exposure to commodities in all strategies given the utility they offer as portfolio stabilizers as the potential for risk increases. Gold is utilized given its appeal as a haven from heightened geopolitical risk, and a broad basket of commodities, with an emphasis on energy, is also employed across all strategies. The global thirst for energy, especially in Europe as they adjust to sanctions on Russian exports, produces certain advantages for this positioning.

Third Quarter 2022

	Income		Income With Growth		Growth & Income		Growth		Aggressive Growth	
	Current	Change	Current	Change	Current	Change	Current	Change	Current	Change
Cash	2%	-	2%	-	2%	-	2%	-	2%	-
Short Term Bonds	13%	-	7%	-	5%	-	-	-	-	-
Intermediate Term Bonds	35%	(10%)	47%	15%	26%	17%	4%	4%	-	-
Long Term Bonds	20%	10%	-	-	-	-	-	-	-	-
Speculative Grade Bonds	14%	-	10%	-	11%	4%	8%	8%	8%	8%
Real Estate	-	-	-	-	-	-	-	-	-	-
U.S. Large Cap Stocks	10%	-	15%	-	20%	-	20%	-	20%	-
U.S. Mid Cap Stocks	-	-	4%	-	7%	-	-	-	-	-
U.S. Small Cap Stocks	-	-	-	-	12%	(3%)	40%	-	40%	-
Int'l Developed Market Stocks	-	-	5%	(10%)	7%	(13%)	6%	(12%)	5%	(8%)
Emerging Market Stocks	-	-	-	-	-	-	-	-	-	-
Commodities	6%	-	10%	(5%)	10%	(5%)	20%	-	25%	-
Total	*100%*		*100%*		*100%*		*100%*		*100%*	

See last page for disclosures and important details regarding portfolio allocations.

Income

Consistent with a desire to maintain a lower risk posture for the Income strategy, the allocation to stocks remains at a historically low level with the entirety of the equity exposure in U.S. large cap stocks. The allocation to speculative-grade bonds remains as an equity surrogate designed for lower volatility. The 10-year ladder of term maturity ETFs still serves as the backbone of the strategy. The duration of the investment-grade portion of the strategy is extended slightly and the overall credit quality improved by redeploying some intermediate investment-grade corporate bond exposure to long-term Treasuries. We retain the weighting to commodities for the potential risk reduction benefits of gold along with the appreciation potential of the broad-based commodity position, which includes an emphasis on oil and its derivatives.

Income with Growth

The allocation to international developed market stocks in the Income with Growth strategy was reduced significantly and the commodity exposure trimmed in order to increase the exposure to intermediate-term Treasuries. Stocks remain at a historical underweight in the strategy. The remaining exposure to commodities is utilized for the potential risk reduction benefits of gold and the advantages afforded from the broad-based commodity position, which includes an emphasis on oil and its derivatives.

Growth & Income

The exposure to risk assets was reduced in the Growth & Income strategy this quarter through eliminating almost all of the international developed market equity exposure and a portion of the commodity and U.S. small cap equity holdings in favor of a significant increase in intermediate-term Treasuries, and, to a lesser extent, corporate bonds. The prior position in speculative-grade bonds was elevated and is all BB-rated, which serves as an equity proxy designed for lower volatility. The remaining commodity exposure is a mix of gold and a broad-based commodity basket with an emphasis on oil and its derivatives.

Growth

Positions in intermediate-term Treasuries and BB-rated speculative-grade bonds were introduced to the Growth strategy this quarter to reduce exposure to risk assets. The majority of the allocation to international developed market stocks was removed to create the bond exposures. Equities now represent only two-thirds of the strategy. We retain the sizable allocation to commodities for the potential risk reduction benefits of gold and the advantages of a broad-based commodity position with an emphasis on oil and its derivatives.

Aggressive Growth

Most of the developed market exposure was reduced in the Aggressive Growth strategy this quarter in favor of introducing a position in BB-rated speculative-grade bonds, which serve as a surrogate for equities with the potential for lower volatility. We retain a large exposure to broad-based commodities with an emphasis on oil and its derivatives along with a position in gold for its ability to serve as a haven in the event of elevated geopolitical risk.

Performance & Disclosures

(For Periods Ending June 30, 2022)

Strategy	ITD	10 - Year	5 - Year	3 - Year	1 - Year	YTD	QTD
Income Taxable - Gross of Fees	6.4%	-	-	7.0%	(6.9%)	(10.0%)	(5.4%)
Income Taxable - Net of Fees	3.2%	-	-	3.8%	(9.7%)	(11.3%)	(6.1%)
Benchmark - 20% S&P 500 and 80% ICE BofA Bond Index	2.8%	-	-	1.5%	(10.3%)	(12.3%)	(7.0%)
Income Taxable with Growth - Gross of Fees	10.0%	8.6%	9.1%	10.9%	(5.8%)	(8.8%)	(6.6%)
Income Taxable with Growth - Net of Fees	6.7%	5.4%	5.9%	7.6%	(8.6%)	(10.2%)	(7.3%)
Benchmark - 40% S&P 500 and 60% ICE BofA Bond Index	7.4%	6.2%	5.3%	3.9%	(10.2%)	(14.2%)	(9.3%)
Growth and Income Taxable - Gross of Fees	7.9%	9.4%	9.3%	10.9%	(6.8%)	(10.6%)	(8.7%)
Growth and Income Taxable - Net of Fees	4.7%	6.2%	6.0%	7.6%	(9.6%)	(11.9%)	(9.4%)
Benchmark - 70% S&P 500 and 30% ICE BofA Bond Index	8.4%	9.6%	8.4%	7.4%	(10.3%)	(17.1%)	(12.7%)
Growth - Gross of Fees	8.4%	11.0%	10.9%	13.9%	(9.4%)	(12.9%)	(10.4%)
Growth - Net of Fees	5.2%	7.7%	7.6%	10.5%	(12.1%)	(14.2%)	(11.1%)
Benchmark - S&P 500	10.4%	12.9%	11.3%	10.6%	(10.6%)	(20.0%)	(16.1%)
Aggressive Growth - Gross of Fees	7.8%	10.2%	9.1%	11.1%	(12.8%)	(13.7%)	(10.6%)
Aggressive Growth - Net of Fees	4.6%	6.9%	5.9%	7.8%	(15.4%)	(15.0%)	(11.3%)
Benchmark - S&P 500	10.4%	12.9%	11.3%	10.6%	(10.6%)	(20.0%)	(16.1%)

ITD=Inception to Date.

Inception: Income Taxable: 1/1/18; Income Taxable with Growth: 12/1/08; Growth & Income Taxable: 9/1/08; Growth: 9/1/08; Aggressive Growth: 8/1/08

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[1] Net of fee performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly. This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 0.40% on the first $500,000; 0.35% on the next $500,000; and 0.30% over $1,000,000. There are no incentive fees. Clients pay an all-inclusive fee based on a percentage of assets under management. The collection of fees produces a compounding effect on the total rate of return net of fees. Bundled fee accounts make up 100% of the composite for all periods. Actual investment advisory fees incurred by clients may vary. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

Each strategy is implemented using Exchange Traded Funds (ETFs) and the investment objective is the pursuit of nominal returns (yield and growth) in excess of inflation, subject to the limitations of the risk constraint for each strategy. The targeted risk constraint and appropriate investor risk tolerance for each strategy is as follows: Aggressive Growth (High), Growth (Average), Growth & Income (Moderate), Income with Growth (Conservative), and Income (Conservative). ICE BofA Bond Index consists of the ICE BofA U.S. Corporate, Government, and Mortgage Bond Index.

The asset allocations shown represent the individual ETFs used for the asset allocations in the model portfolios as of 7/19/2022 and do not represent the precise allocation of assets in an actual client account. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The allocation of assets in the model portfolio may be changed from time to time due to market conditions and economic factors. The investments held by the portfolio are ETFs and are not guaranteed and carry a risk of loss of principal. There are investment risks in investing in these strategies. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns. In a rising interest rate environment, the value of fixed income securities generally declines. Speculative grade bonds are subject to greater risk of loss of principal and interest, including default risk, than higher-rated securities. Investments in international and emerging market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability. The real estate asset class contains Real Estate Investment Trust (REIT) securities.

Confluence utilizes fixed income ETFs for the bond asset classes to deliver the income and lower volatility traditionally available from a diversified bond portfolio. Fixed income ETFs are not bonds, but are pro-rata interests in publicly traded bond funds. Investors should be aware there are limitations in utilizing fixed income ETFs, which are subject to market risk, including the possible loss of principal. There may be times when an ETF's performance may vary relative to its targeted benchmark. And while ETFs generally trade very close to their net asset values, during times of market disruption they can trade at discounts or premiums, directly affecting performance. Liquidity can vary depending upon market conditions. ETFs trade like a stock but charge internal management fees; there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully before investing.

Information provided in this report is for educational and illustrative purposes only and should not be construed as individualized investment advice or a recommendation. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Opinions expressed are current as of the date shown and are subject to change.

*Benchmark returns and volatility calculations utilize monthly data through 6/30/2022. Investors cannot invest directly in an index. Past performance does not guarantee future performance. Asset class and benchmark index representation: Cash (ICE BofA 3M T-Bill); Short-Term Bonds (ICE BofA 1-3 Year US Corp&Govt); Intermediate-Term Bonds (ICE BofA 5-10 Year US Corp&Govt); Long-Term Bonds (ICE BofA 10+Yr US Corp&Govt); Speculative Grade/High-Yield Bonds (ICE BofA US High Yield Master); REITs (FTSE NAREIT Equity); Large Cap (S&P 500); Mid-Cap (S&P MidCap 400); Small Cap (S&P Small Cap 600); Foreign Developed Country (MSCI EAFE); Emerging Markets (MSCI Emerging Markets); Commodities (S&P GSCI).

The Asset Allocation Committee

Mark Keller | Bill O'Grady | Gregory Ellston | David Miyazaki | Patty Dahl | Kaisa Stucke | Patrick Fearon-Hernandez

For more information contact a member of our sales team:

Wayne Knowles	Ron Pond, CFA | *West*	Michael Kelnosky | *North-Central*	Jason Gantt | *East*	Jim Taylor | *Mid-South*
(314) 526-0914	(314) 526-0759	(314) 526-0622	(314) 526-0364	(314) 526-0469
wknowles@confluenceim.com	rpond@confluenceim.com	mkelnosky@confluenceim.com	jgantt@confluenceim.com	jtaylor@confluenceim.com

Confluence Investment Management LLC is an independent Registered Investment Advisor located in St. Louis, Missouri, that provides professional portfolio management and advisory services to institutional and individual clients. Confluence's investment philosophy is based upon independent, fundamental research that integrates evaluation of market cycles, macroeconomics and geopolitical analysis with the firm's value-driven approach. The investment team's portfolio management philosophy begins by addressing risk and follows through by positioning clients to achieve income and growth objectives.

20 Allen Avenue, Suite 300 | Saint Louis, MO 63119 | 314.743.5090
WWW.CONFLUENCEINVESTMENT.COM